LANXESS – Q2 2020 Roadshow

Tackling the crisis

Michael Pontzen, CFO

Safe harbor statement

The information included in this presentation is being provided for informational purposes only and does not constitute an offer to sell, or a solicitation of an offer to purchase, securities of LANXESS AG. No public market exists for the securities of LANXESS AG in the United States.

This presentation contains certain forward-looking statements, including assumptions, opinions, expectations and views of the company or cited from third party sources. Various known and unknown risks, uncertainties and other factors could cause the actual results, financial position, development or performance of LANXESS AG to differ materially from the estimations expressed or implied herein. LANXESS AG does not guarantee that the assumptions underlying such forward-looking statements are free from errors, nor does it accept any responsibility for the future accuracy of the opinions expressed in this presentation or the actual occurrence of the forecast developments. No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, any information, estimates, targets and opinions contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and accordingly, no representative of LANXESS AG or any of its affiliated companies or any of such person's officers, directors or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.

Agenda

1 Tackling the crisis and executing our strategic agenda

2 Financial and business details Q2 2020

3 Back-up

Q2 2020: Stable margin level amid global pandemic

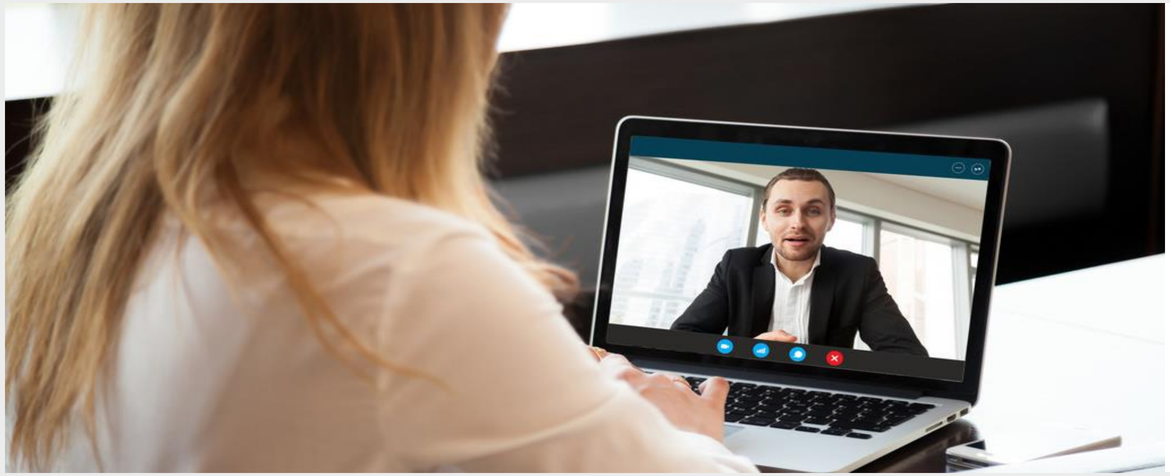
Business status

- EBITDA pre of €224 m (PY: €281 m) at midpoint of guidance, margin at 15.6%
- Three segments impacted by decline in demand from end industries
- Strongly improved EBITDA pre in Consumer Protection
- Exceptional proceeds from CURRENTA divestment boost net result and cash flow
- Further portfolio alignment through sale of organic leather business and membrane business
- Virtual AGM to be held on August 27, 2020
- Dividend proposal: increase to €0.95 per share

LANXESS on its path towards “new” normality

Finding solutions

- **Production: All plants are running**
  - Return to standard shift model – hygienic and social distancing measures continue
  - Short time work mostly in auto-related production
  - China leads demand recovery
- **Successful home office approach**
  - Thoughtfully increasing office presence in admin functions to re-enable actual social interaction
- **Announced cost containment implemented**



Full exit from leather business accomplished: LANXESS sells organic leather business to TFL*

LANXESS
Energizing Chemistry

Key data

- Sale of global organic leather business to TFL*
- Enterprise Value: €105 m** plus performance-related component of up to €115 m over 3-5 years
- Closing: mid 2021***

Strategic rationale

- Organic leather business no longer fits to LANXESS' strategic focus on specialty chemicals businesses
- Further reduction of automotive exposure
- Better future development under leadership of TFL

Transaction scope

BU Leather structure

Chrome Chemicals	Chrome Ore Mine	*Scope*: Organic Leather Chemicals
South Africa	South Africa	EMEA, China
Sold - Closed	Sold - Closing end 2020	Sold - Closing Mid 2021

* TFL Ledertechnik GmbH is a portfolio company of Black Diamond Capital Management, L.L.C. ** Expected as of closing date *** Subject to the approval of the relevant authorities

Attractive cash-in for a business which is classified as discontinued operation

LANXESS Energizing Chemistry

Financial details

- Sales: ~€150 m*
- EBITDA ~€10 m*
- **Enterprise value**:
  - At closing date: ~€105 m
  - Add. potential in next 3-5 years: up to €115 m
  - Net debt (mainly pensions) ~€25 m
- **Purchase price:**
  - Fixed component €80 m
  - Performance-related component: up to €115 m (to be paid out in next 3-5 years)
- Expected remnant costs: ~€10 m p.a. (2021 and 2022)
- At closing all P&L, balance sheet and cash flow bookings will be reflected in "discontinued operations"
- Book gain will be realized, size depending on valuation of performance-related component

* Estimated figures 2020

Portfolio transformation continues: Divesting membranes (BU LPT) to focus on Ion Exchange Resins

LANXESS
Energizing Chemistry

Strategic Rationale: Focus on high-margin specialty applications for Ion Exchange Resins (IXR)

Membranes — Divested

Transaction details

- Divestment to SUEZ
- Low double-digit €m sales with negative EBITDA
- Impairment: Exceptionals of ~€20 m
- Closing expected end of 2020

Ion Exchange Resins — Positioned for further growth

Specialized products for attractive markets

- Driven by global trends like population growth & regulation
- Focus on fast growing markets (e.g. biotechnology)

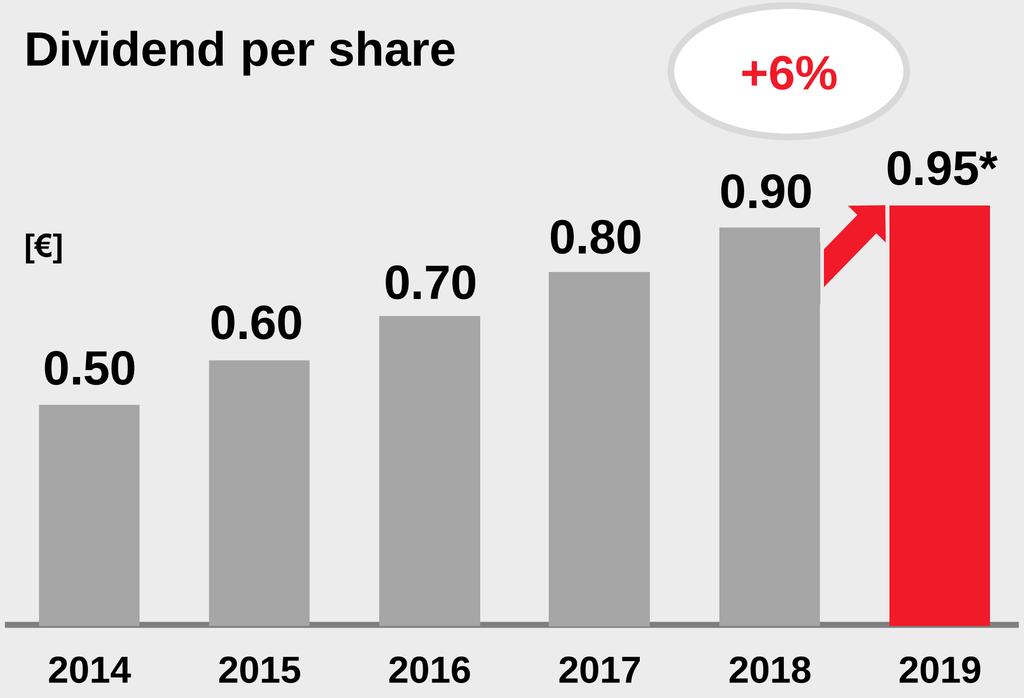
Adding new capacities to foster growth

- 20-30k cbm (~30% of existing LXS capacity, ~5% of industry)
- €80-120 m investment volume
- Completion within next 3-5 years

LANXESS sticks to its dividend policy even in difficult times

LANXESS Energizing Chemistry

LANXESS: consistent dividend increase



LANXESS dividend approach

- Policy: Dividend increase / at least stable
- Transformation pays off: Continuous dividend increase since 2014 (start of realignment)
- Unchanged dividend proposal of €0.95 per share despite global pandemic
- Dedicated capital allocation to drive shareholder return and strategic development

* To be proposed to the Annual General Meeting on August 27, 2020

FY 2020 outlook confirmed

LANXESS
Energizing Chemistry

Current view on economy

- Automotive and aviation industries hit hardest by pandemic impact, construction, oil & gas and electronics also suffering
- Government stimuli only gradually taking effect

LANXESS outlook includes Corona impact

- Q3: Business momentum to improve compared to Q2. However, EBITDA pre impacted by unwinding Q2 raw material price tailwind (€10 m) and planned BU HPM maintenance turnaround (€10-20 m)
- FY: EBITDA pre still expected in range between €800–900 m

Agenda

1 Tackling the crisis and executing our strategic agenda

2 Financial and business details Q2 2020

3 Back-up

LANXESS Group: Tackling the crisis

LANXESS
Energizing Chemistry

Results reflect lower demand due to pandemic

[€ m]*	Q2/2019	Q2/2020	Δ	YTD 2019	YTD 2020	Δ
Sales	1,724	1,436	-17%	3,462	3,140	-9%
EBITDA pre	281	224	-20%	553	469	-15%
Margin	16.3%	15.6%		16.0%	14.9%	
CAPEX	109	88	-19%	178	162	-9%

Price	Volume	FX	Portfolio
-4%	-13%	0%	0%

Total -17%

Q2 Sales vs. PY

- Sales decline due to weak demand across many industries and pass-through of lower raw material prices
- EBITDA pre decreases on the back of the global crisis, Consumer Protection segment and initiated cost containment measures partly compensate
- Margin relatively stable

* All figures excluding BU LEA, which is reported as discontinued operation

Advanced Intermediates: Pandemic impact, but relatively stable EBITDA

LANXESS
Energizing Chemistry

Improved margin but pandemic impact materializes

[€ m]*	Q2/2019	Q2/2020	Δ	YTD 2019	YTD 2020	Δ
Sales	585	469	-20%	1,169	1,027	-12%
EBITDA pre	114	100	-12%	219	188	-14%
Margin	19.5%	21.3%		18.7%	18.3%	
CAPEX	34	32	-6%	60	60	0%

Price	Volume	FX	Portfolio
-6%	-14%	0%	0%

Total -20%

Q2 Sales vs. PY

- Sales drop mainly due to decreased volumes
- Volume drop in both BUs, resulting from global demand set-back. Decline overstated by ~3% points due to Organometallics (Tin) exit and shift to tolling
- EBITDA pre margin on strong performance level

* New reporting structure as of Q1 2020

Specialty Additives: Impact from pandemic related crisis now fully visible

LANXESS
Energizing Chemistry

Lower demand in key markets hits as expected

[€ m]	Q2/2019	Q2/2020	Δ	YTD 2019	YTD 2020	Δ
Sales	506	403	-20%	991	902	-9%
EBITDA pre	89	63	-29%	172	148	-14%
Margin	17.6%	15.6%		17.4%	16.4%	
CAPEX	30	16	-47%	44	31	-30%

Price	Volume	FX	Portfolio
-1%	-20%	+1%	0%

Total -20%

Q2 Sales vs. PY

- Strong volume driven sales decline
- Volume decrease across segment due to weakness in automotive, aviation, oil & gas, mainly in the Americas
- BU RheinChemie hit hardest reflecting its auto exposure
- EBITDA and margin decline result from lower demand in key industries

Consumer Protection: Performance accelerated again

LANXESS
Energizing Chemistry

All BUs contribute to strong development

[€ m]*	Q2/2019	Q2/2020	Δ	YTD 2019	YTD 2020	Δ
Sales	247	301	22%	511	580	14%
EBITDA pre	48	68	42%	108	135	25%
Margin	19.4%	22.6%		21.1%	23.3%	
CAPEX	13	12	-8%	22	22	0%

Price	Volume	FX	Portfolio
+2%	+19%	0%	+1%

Total +22%

Q2 Sales vs. PY

- Rise in sales in all BUs
- Volume growth mainly driven by BU SGO and continued strong demand for disinfectants (BU MPP)
- Volume effect overstated by BU SGO‘s project related pre-buying in Q2 vs Q3
- Positive EBITDA pre and margin development reflect strong underlying demand

* New reporting structure as of Q1 2020, all numbers excluding BU LEA, which is reported as discontinued operation

Engineering Materials: Plummeting demand as automotive industry suffers

BU HPM hit hard, Urethanes less affected

[€ m]	Q2/2019	Q2/2020	Δ	YTD 2019	YTD 2020	Δ
Sales	365	244	-33%	747	591	-21%
EBITDA pre	65	28	-57%	130	77	-41%
Margin	17.8%	11.5%		17.4%	13.0%	
CAPEX	19	12	-37%	30	20	-33%

Price	Volume	FX	Portfolio
-9%	-24%	0%	0%

Total -33%

Q2 Sales vs. PY

- Drop in sales results from sharp decline in auto demand and production shutdowns of OEMs due to COVID-19 especially in Europe
- Price decline mainly due to lower raw material prices
- Substantial EBITDA pre and margin decline mainly due to burden in BU HPM

Q2 2020: Results reflect Corona impact – however, margin on stable level

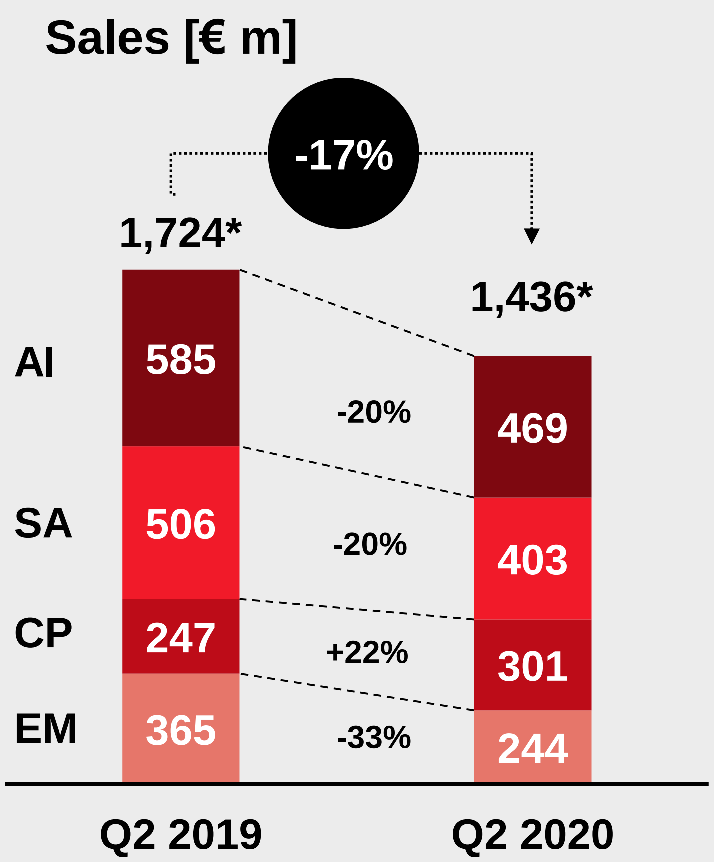
LANXESS
Energizing Chemistry

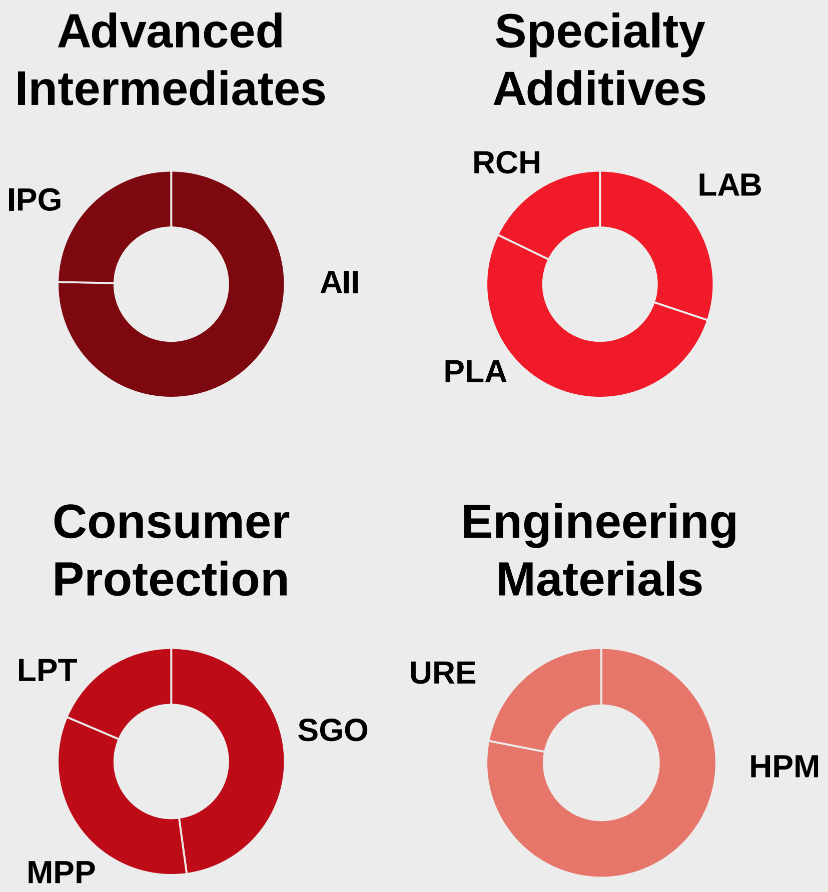
[€ m]	Q2/2019		Q2/2020		yoy in %
Sales	1,724	(100%)	1,436	(100%)	-17%
Cost of sales	-1,252	(-73%)	-1,042	(-73%)	17%
Selling	-210	(-12%)	-194	(-14%)	8%
G&A	-65	(-4%)	-64	(-4%)	2%
R&D	-28	(-2%)	-28	(-2%)	0%
EBIT	**143**	**(8%)**	**61**	**(4%)**	**-57%**
EPS	**1.14**		**9.24**		**>100%**
EPS pre*	**1.45**		**0.86**		**-41%**
EBITDA	260	(15%)	198	(14%)	-24%
thereof except.	-21	(-1%)	-26	(-2%)	24%
EBITDA pre except.	**281**	**(16.3%)**	**224**	**(15.6%)**	**-20%**

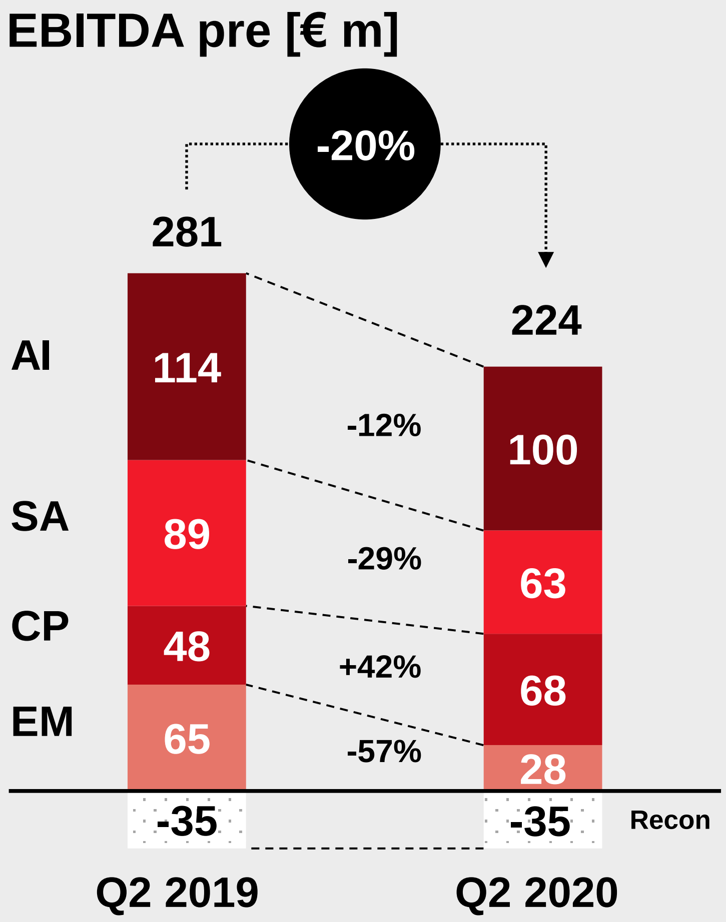
- Lower selling expenses include lower travel expenses and trade fair costs
- Positive effects from CURRENTA divestment reflected in financial result

* From continuing operations, net of exceptionals and amortization of intangible assets as well as attributable tax effects and income in connection with the sale of CURRENTA

Q2 2020 impacted by Corona pandemic, strong result in Consumer Protection mitigates



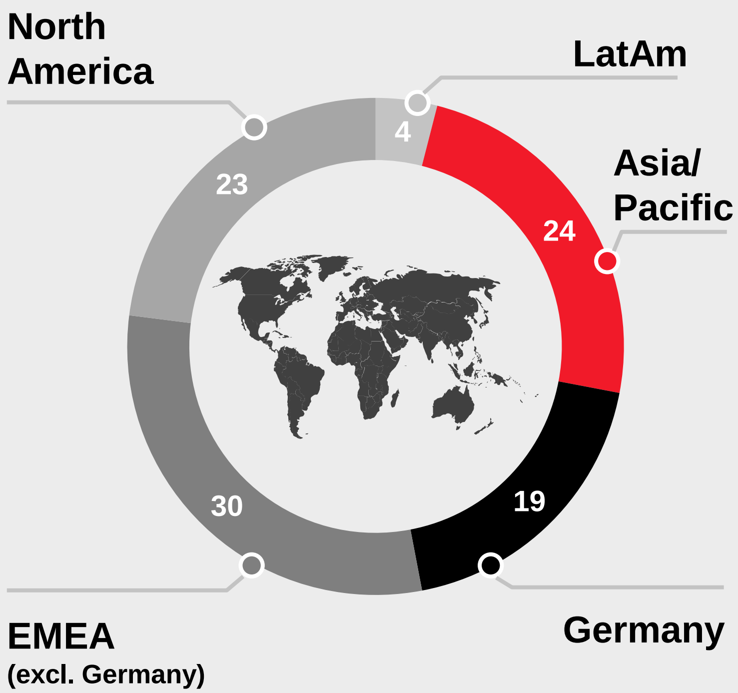




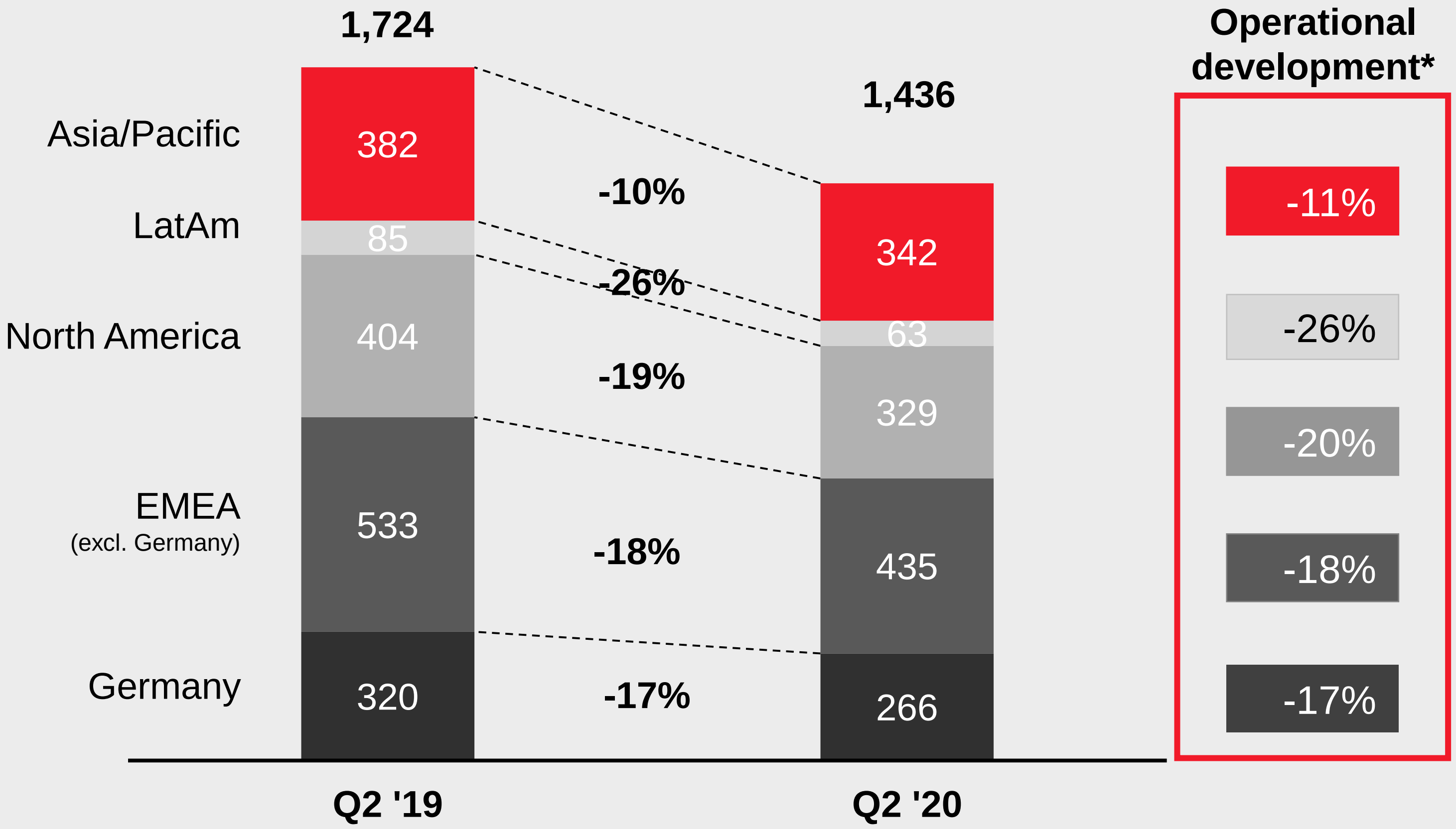
* Total group sales including reconciliation

Q2 2020: Impact from pandemic visible in all regions

Q2 2020 sales by region [%]



Regional development of sales [€ m]



* Currency and portfolio adjusted

Operating cash flow improved, but masked by extraordinary tax payments

LANXESS
Energizing Chemistry

[€ m]	Q2/2019	Q2/2020	Δ
Operating cash flow*	**91**	**52**	**-39**
thereof income taxes paid	-72	-108	-36
thereof changes in working capital	23	56	33
Investing cash flow*	**-73**	**88**	**161**
thereof capex	-109	-88	21
thereof proceeds from CURRENTA sale, dividend	21	884	863
thereof net invest in money markets	13	-710	-723

- Operating cash flow improved excluding ~€100 m extraordinary tax payments relating mainly to CURRENTA and ARLANXEO
- Mid to high double digit million € amount of remaining taxes (CURRENTA) to come in H2
- Change in working capital driven by significantly lower receivables corresponding to decreased sales
- Investing cash flow includes proceeds from CURRENTA
- Capex reduced in response to pandemic

* Applies to continuing operations

Very strong balance sheet in uncertain times

[€ m]	31.12.2019	30.06.2020
Total assets	**8,695**	**9,195**
Equity	2,647	3,379
Equity ratio	**30%**	**37%**
Net financial debt[1]	**1,742**	**929**
Cash, cash equivalents, short term money market investments	1,076	1,887
Pension provisions	**1,178**	**1,135**
Net working capital	**1,308**	**1,407**
DSI (in days)[2]	66	79
DSO (in days)[3]	42	44

- Proceeds of CURRENTA divestment improve equity and net financial debt
- Ongoing strong liquidity secures financial and operating flexibility in uncertain times
- Seasonal increase in working capital, driven by higher inventories due to planned maintenance shutdowns in H2 2020

[1] Including cash, cash equivalents, short term money market investments
[2] Days sales of inventory calculated from quarterly sales
[3] Days of sales outstanding calculated from quarterly sales

Agenda

1 Tackling the crisis and executing our strategic agenda

2 Financial and business details Q2 2020

3 Back-up

Housekeeping items 2020

Capex 2020	**~€450 m**
Operational D&A 2020	**~€450 m**
Reconciliation 2020	**~€140-150 m** including remnant costs
Underlying tax rate	**~28%**
Exceptionals 2020	**~€100 m** based on current initiatives
FX sensitivity	One cent change of USD/EUR resulting in **~€7 m** EBITDA pre impact before hedging
Remnant costs	**~€10 m** p.a. until 2022 Plus **~€10 m** p.a. in 2021 and 2022 (organic leather business)
Maintenance shutdown BU HPM	**~€10-20 m** in Q3

Transparency on CURRENTA accounting treatment

Transaction totals €787 m equity value and €150 m profit participation pre tax

Effects in Income Statement in Q2 2020

- Proceeds of €740* m and a profit participation of €150 m were realized
- The amount of €890 m was recognized as book gain in the “other financial result”, as the CURRENTA participation was held “at equity” with no book value

Effects in Cash Flow Statement in Q2 2020

- Operating cash flow:
  - Reversal of financial result, including proceeds of €890* m
  - “Income taxes” already contain some of CURRENTA related tax payments; mid to high double digit € million amount expected to follow in H2
- Investing cash flow includes €884* m proceeds

Divestment led to visibly strenghtened balance sheet and liquidity

* As of June 30th, 2020, €6 m of the purchase price was outstanding and recognized as “other current assets”. The payment followed in July 2020

Key Figures*: Holding up well in crisis mode

LANXESS
Energizing Chemistry

Q1 Q2 Q3 Q4

€1,436 m
Sales
-17%

€52 m
Operating Cash Flow

€1,887 m
Cash & cash equivalents, short term money market investments

€224 m
EBITDA pre
-20%

15.6%
EBITDA pre Margin

€929 m
Net financial debt**

0.86
EPS pre
-41%

€88 m
CAPEX

* Continuing operations (excluding BU LEA, which is reported as discontinued operation)
** deducting short term money market investments

2019 like-for-like figures for new reporting structure reflect shift between segments AI and CP

LANXESS
Energizing Chemistry

[€ m]		Advanced Intermediates	Specialty Additives	Consumer Protection	Engineering Materials	Total*
Sales	Q1	584	485	264	382	1,738
	Q2	585	506	247	365	1,724
	Q3	549	503	277	353	1,704
	Q4	533	471	262	350	1,636
EBITDA pre	Q1	105	83	60	65	272
	Q2	114	89	48	65	281
	Q3	91	97	55	59	269
	Q4	73	84	35	49	197

* including recon

H1 2020: Results reflect Corona impact, EPS increase due to proceeds from CURRENTA divestment

LANXESS
Energizing Chemistry

[€ m]	YTD 2019		YTD 2020		yoy in %
Sales	3,462	(100%)	3,140	(100%)	-9%
Cost of sales	-2,538	(-73%)	-2,311	(-74%)	9%
Selling	-411	(-12%)	-396	(-13%)	4%
G&A	-128	(-4%)	-138	(-4%)	-8%
R&D	-55	(-2%)	-54	(-2%)	2%
EBIT	**283**	**(8%)**	**165**	**(5%)**	**-42%**
EPS	**2.06**		**9.93**		**> 100**
EPS pre*	**2.77**		**2.03**		**-27%**
EBITDA	510	(15%)	417	(13%)	-18%
thereof except.	-43	(-1%)	-52	(-2%)	-21%
EBITDA pre except.	**553**	**(16%)**	**469**	**(14.9%)**	**-15%**

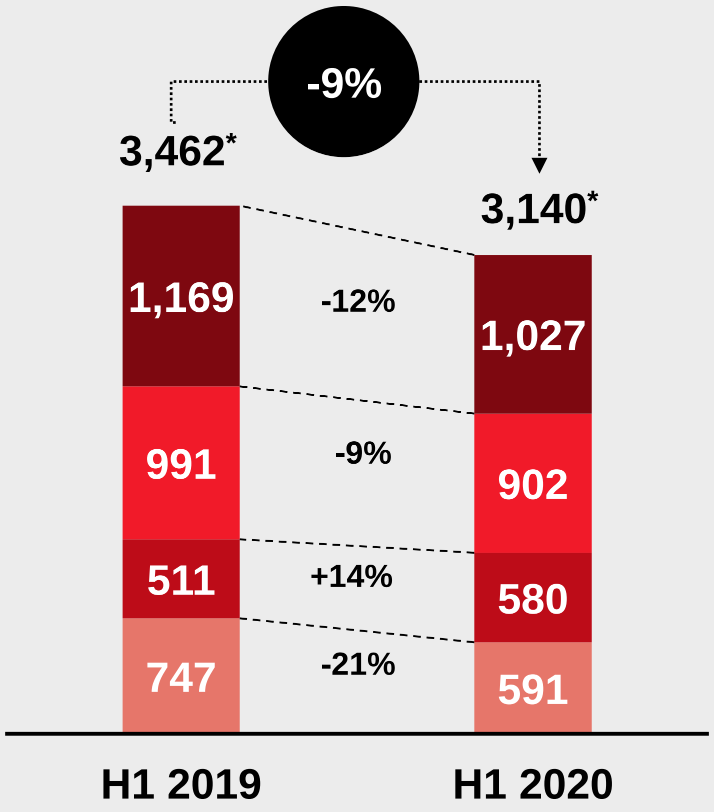
- Lower selling expenses include lower travel expenses and trade fair costs
- Positive effects from CURRENTA divestment reflected in financial result

* From Continuing operations; net of exceptionals and amortization of intangible assets as well as attributable tax effects and income in connection with the sale of CURRENTA

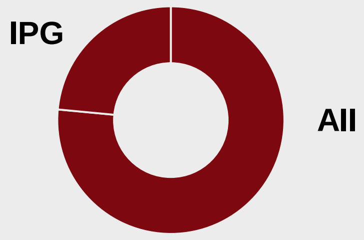
H1 2020: Strong drop in demand due to Corona pandemic

LANXESS
Energizing Chemistry

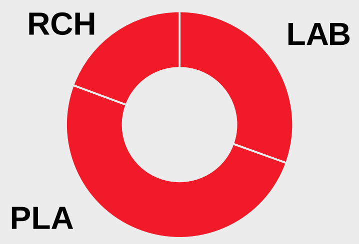
[€ m] Sales



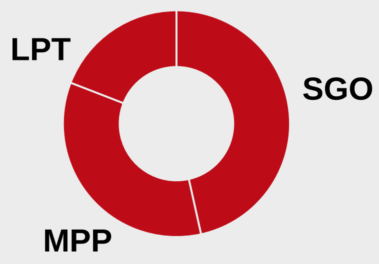
Advanced Intermediates



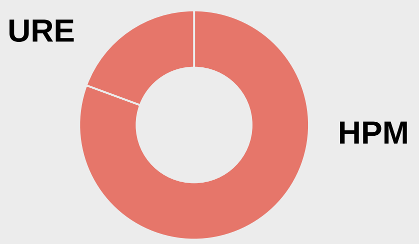
Specialty Additives



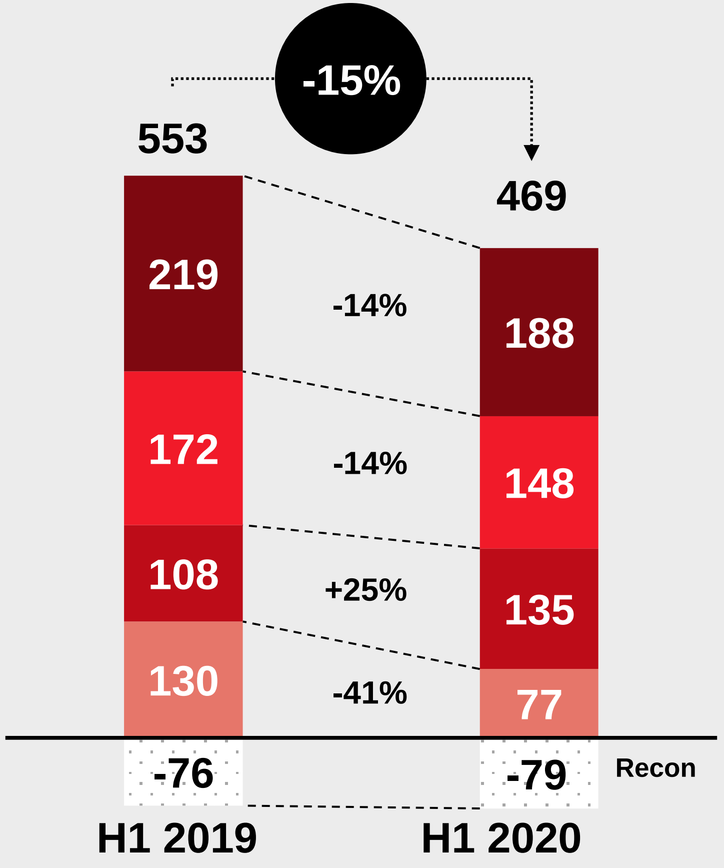
Consumer Protection



Engineering Materials



[€ m] EBITDA pre

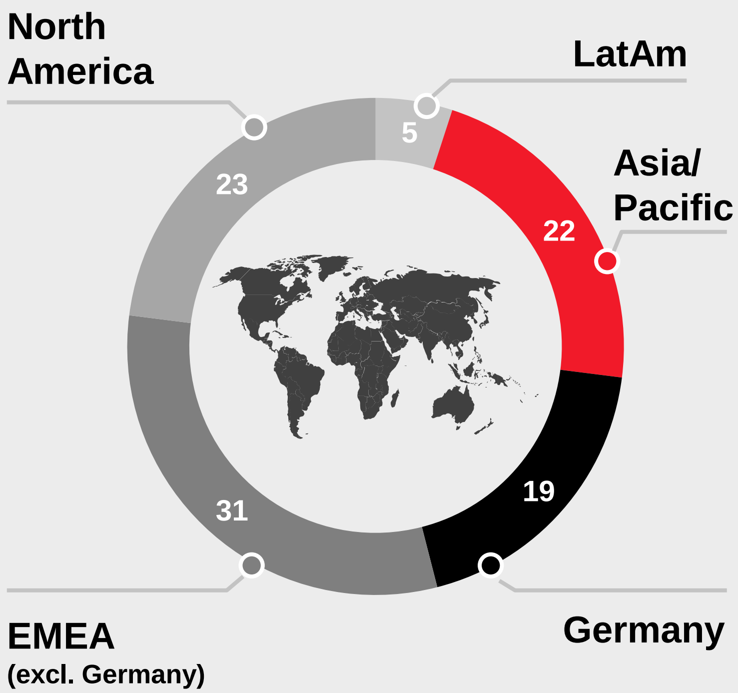


* Total group sales including reconciliation

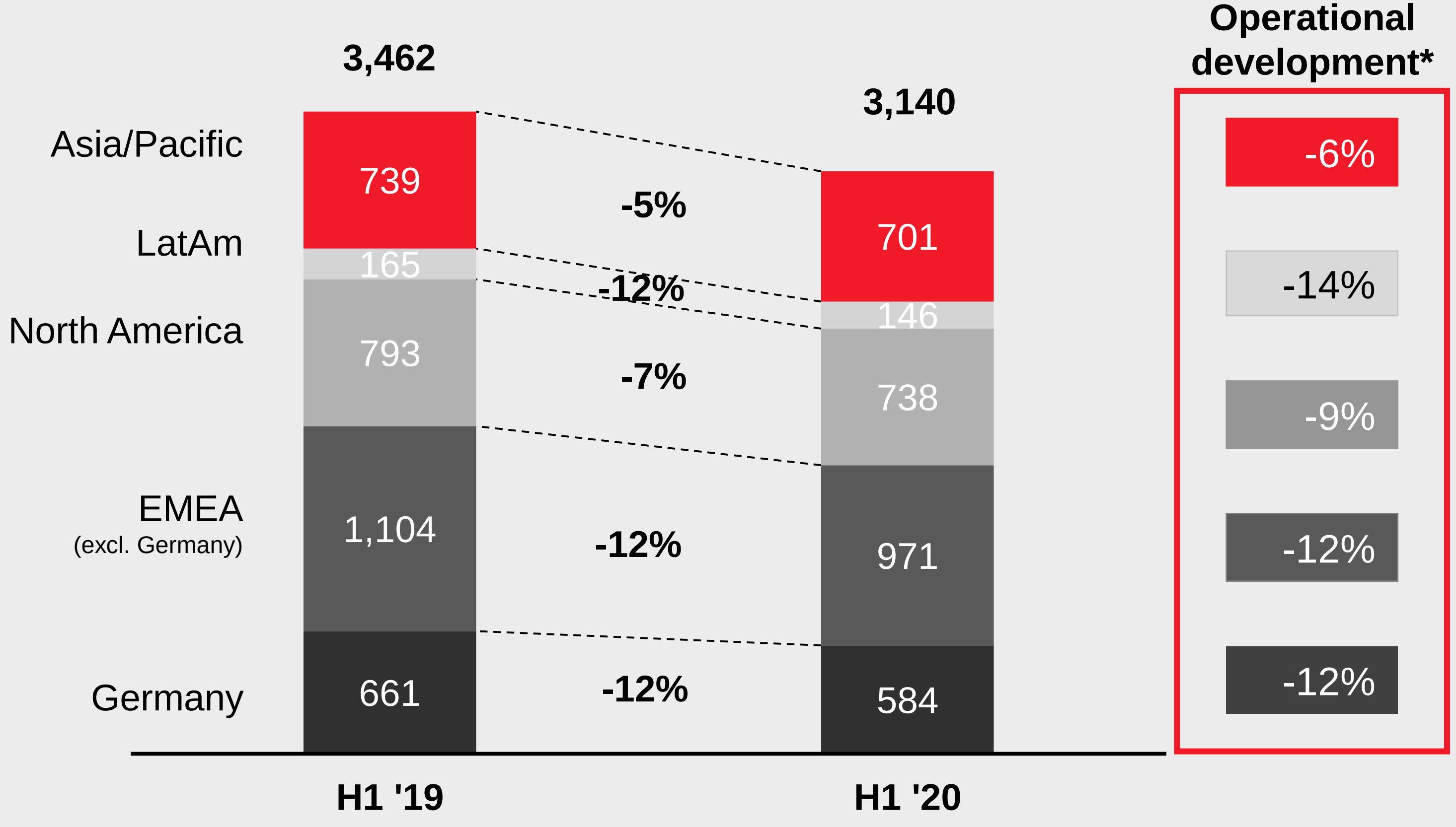
H1 2020: All regions suffering from lower demand due to pandemic

LANXESS
Energizing Chemistry

H1 2020 sales by region [%]



Regional development of sales [€ m]



* Currency and portfolio adjusted

Cash flow H1 2020: Strong operating cash flow despite Corona crisis

[€ m]	H1 2019	H1 2020	Δ
Operating cash flow*	**113**	**165**	**52**
Changes in working capital	-145	-125	20
Investing cash flow*	**-309**	**13**	**322**
thereof capex	-178	-162	16
thereof proceeds from divestments & dividend	21	962	941
thereof net invest in money markets	-156	-769	-613

- Higher operating cash flow despite Corona effects and tax burden relating to CURRENTA and ARLANXEO
- Change in working capital driven by significantly lower receivables corresponding to decreased sales
- Increased investing cash flow includes proceeds from divestments of CURRENTA and chrome chemicals business which are directly invested in money market funds
- Lower capex reflects measures triggered by Corona pandemic

* applies to continuing operations

Increase in exceptional items (on EBIT) due to higher realignment and project costs

[€ m]	Q2/2019		Q2/2020		YTD 2019		YTD 2020	
	Excep.	Thereof D&A	**Excep.**	**Thereof D&A**	Excep.	Thereof D&A	**Excep.**	**Thereof D&A**
Advanced Intermediates	0	0	**0**	**0**	4	0	**2**	**0**
Specialty Additives	5	2	**3**	**0**	6	2	**7**	**0**
Consumer Protection	0	0	**21**	**18**	0	0	**21**	**18**
Engineering Materials	0	0	**0**	**0**	0	0	**0**	**0**
Reconciliation	19	1	**21**	**1**	36	1	**41**	**1**
Total	24	3	**45**	**19**	46	3	**71**	**19**

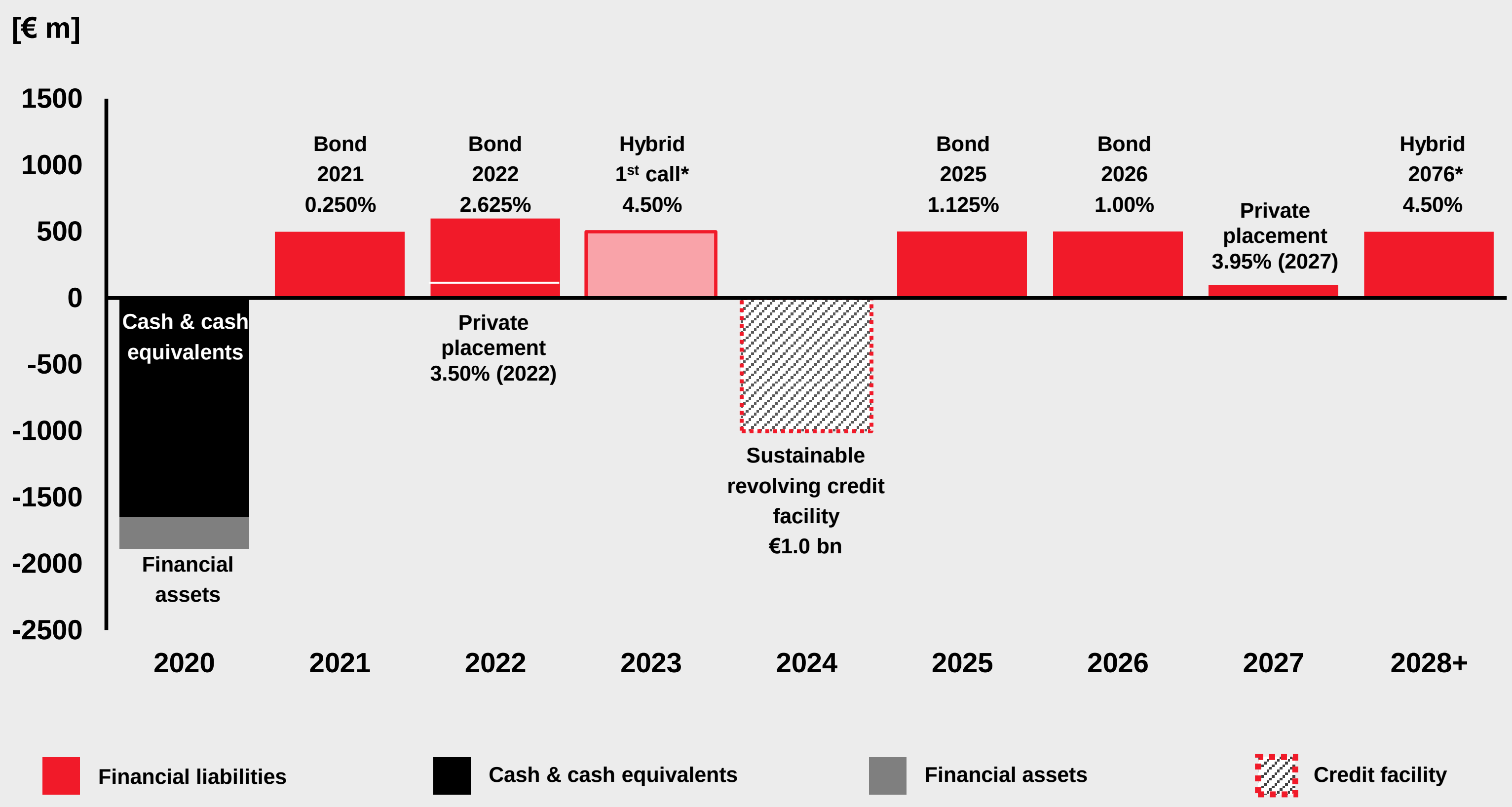
Maturity profile actively managed and well balanced

LANXESS
Energizing Chemistry

Long-term financing secured

- Sustainable revolving credit facility fully repaid as per end of June
- Diversified financing sources
  - Bonds & private placements
  - Undrawn sustainable revolving credit facility
- Average interest rate of financial liabilities ~2%
- Next bond maturity in 2021
- All group financing executed without financial covenants

Liquidity and maturity profile as per June 2020



* Hybrid bond with contractual maturity date in 2076 has a first optional call date in 2023.

The way forward –
Continuous Portfolio Management

LANXESS
Energizing Chemistry

Strategy

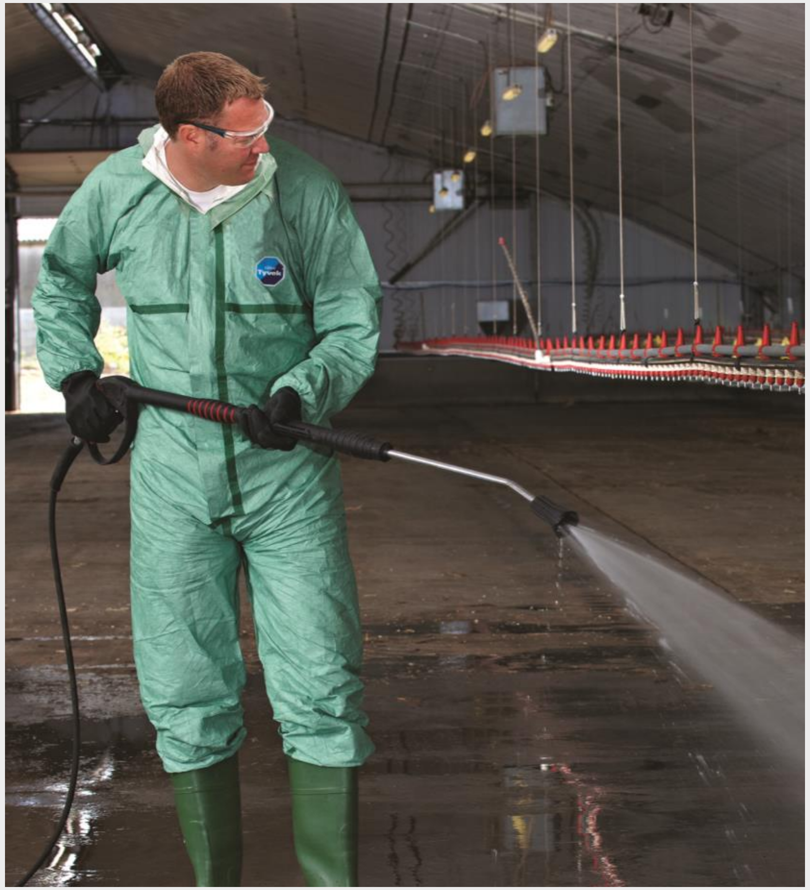
Why do we like Consumer Protection Chemicals?

Perfect match: The characteristics of Consumer Protection Chemicals and our competences

LANXESS
Energizing Chemistry

Characteristics:

- **High entry barriers** due to increasing regulation
- Strong **expertise in Regulatory Affairs**
- **Data ownership*** essential for product registration
- Attractive **secular growth**, independent of industry cycles



Our competences:

- **Global** set-up in **Regulatory Affairs**
- **Regulatory competence:** One of the largest global expert teams in the industry
- **Unique portfolio** in Animal Protection Chemicals
- One of the **strongest water purification technologies**

* Identity, phys.-chem, analytical, methodology information

LANXESS Consumer Protection: Our products follow strong application-driven trends

LANXESS Energizing Chemistry

Food Safety

~5%
Sales CAGR* (2013-2019)

Velcorin®

Water Purification

~5%
Sales CAGR* (2013-2019)

Lewatit®

Biosecurity

~27%
Sales CAGR* (2017-2019)

Virkon™

* CAGR figures represent LXS sales growth

MPP proves its strong “specialty” financial performance

70 - 80%
Cash conversion

22 - 25%
EBITDA pre margin

CAGR: ~10%

Sales
<€500 m

6 M&A since 2010

0%
Automotive

Sales CAGR 2013-2018 incl. M&A

The way forward –
Fix underperforming businesses

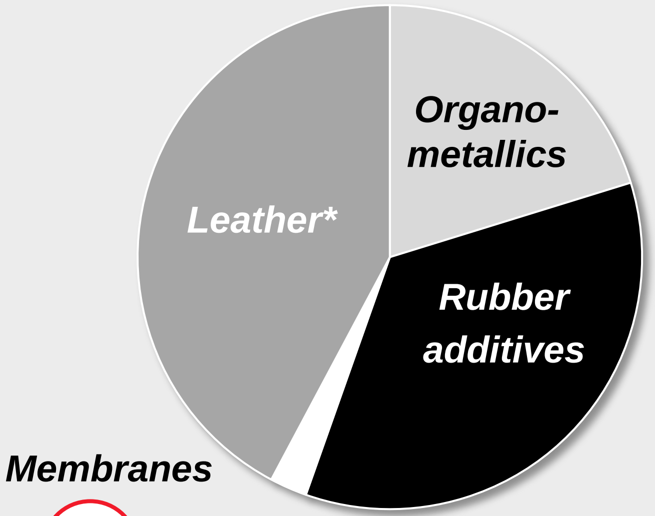
Strategy

Which businesses are we addressing?

Rigorously addressing under-performing businesses across our portfolio

LANXESS
Energizing Chemistry

Sales of businesses to be addressed
~€800 m



%
Margin Level:
~8%

Transforming action

- Solving the Chrome problem
- Accelerating Organometallics performance to peer level
- Turnaround Rubber Additives and Membrane businesses

Target structure
~€500 m

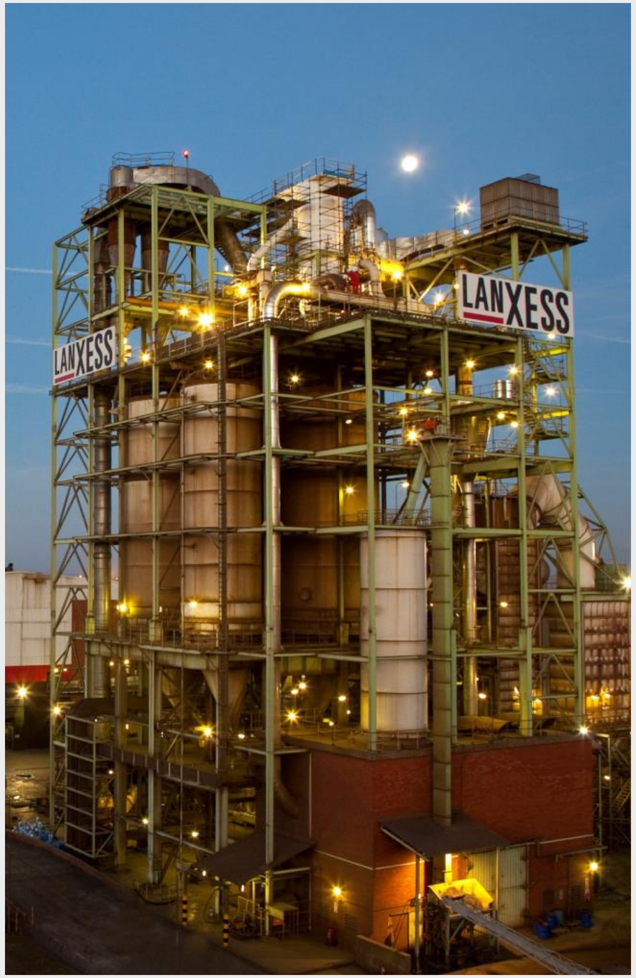
%
Margin Level:
>15%

* The disposal of all operations of the Leather business unit is expected to be fully completed by the end of 2020, so these operations were recognized as discontinued operations as of December 31, 2019.

Full exit from leather business accomplished

Structure
Business Unit Leather

Chrome Ore *South Africa*	*Sold** ✓
Chrome Chemicals *South Africa*	Sold** ✓
Organic Leather Chemicals *EMEA, China*	Sold *** ✓



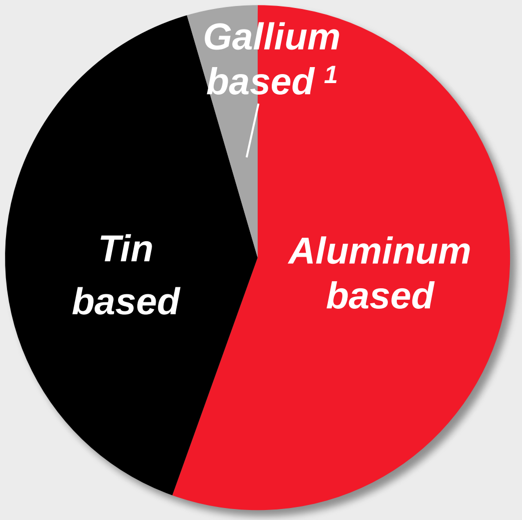
*Disposal of LANXESS' 74% stake in chrome ore mine in Rustenburg (South Africa) to Clover Alloys (SA) Pty. Ltd. ; Closing expected by the end of 2020, Subject to approval of relevant authorities
**Sold to Brother Enterprises, closed in January 2020. LANXESS continues manufacturing at Merebank site as part of a 5 years tolling agreement
*** Sold to TFL Ledertechnik GmbH, a portfolio company of Black Diamond Capital Management, L.L.C., closing expected until mid 2021, Subject to approval of relevant authorities

Improving Organometallics' performance to competitive peer level

LANXESS Energizing Chemistry

Organometallics Sales

2018:
~€160 m



Margin Level:
0-5%

Transforming action

Aluminum based Organometallics:
Set for organic growth

Tin based Organometallics:
Exit partner found with PMC[2]

Gallium based Organometallics[1]:
Exit partner found with Vital Materials

Target structure
~€100 m

Margin Level:
15-20%

[1] LANXESS Electronic Materials, Pyeongtaek (Korea)
[2] LANXESS will continue to manufacture these products on a contract basis for PMC with first exit option end of 2021

The way forward – Innovation

Strategy

What innovations are we working on?

We focus on product, process and technology innovation

LANXESS
Energizing Chemistry

Our philosophy

- Result-oriented product innovation
- Process innovation with focus on energy & resource efficiency
- Technology innovation that will change chemical business models (esp. digitalization)

Global innovation platform

- 33 application centers in 14 countries focusing on product innovation
- Dedicated task force teams continuously optimize production processes worldwide
- Centralized digital team to introduce new technologies and change business models

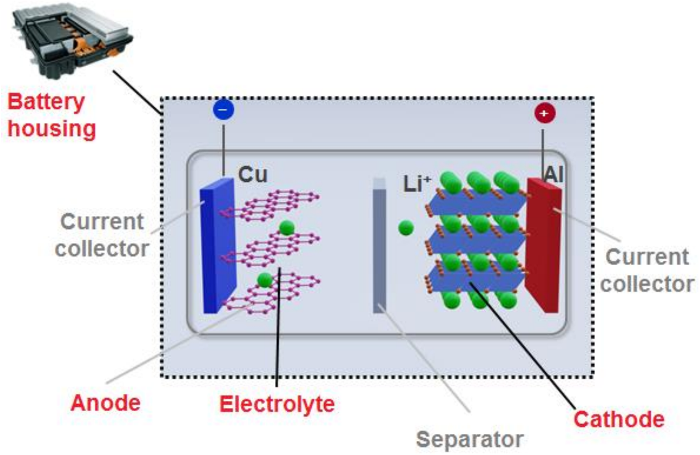
Strong alliances

- More than 150 research cooperations with customers, universities and other research institutes worldwide
- Collaboration with leading AI specialists Citrine, Palantir, et al.

Strategic realignment is supported by product, process and technology innovation

Key Chemicals for Li-Ion batteries

Selected example



- **Standard Lithium Cooperation**
  Pilot project to extract battery grade lithium from bromine wells in El Dorado
- **Electrolyte salt** ($LiPF_6$), Chems for Anode & Cathode
- **Battery Housing** (PA / PBT components)

Natural beverage preservatives

Selected example

- Key market: USA; FDA approval received in 2018, further market approvals in preparation
- First meaningful sales in 2020
- Full potential to be reached 2025-2030 (accessible initial market (USA): €200 m – €250 m)

Cooperation with Standard Lithium could deliver upside in a promising market

LANXESS Energizing Chemistry

BU PLA

Nov 2018

Cooperation announced

Construction & Piloting

Proof of concept
JV signing

JV characteristics*

- 60-70% LANXESS ownership
- Exclusive access to technology in Smackover formation
- Absorption of El Dorado infrastructure cost

Project rationale

- Use existing site infrastructure
- Brines from bromine wells in El Dorado contain Lithium
- Lithium demand growing double digit
- Limited additional cost during piloting
- In case of successful pilot project: €100-400 m capex possible**

* In case of successful feasibility
** 100% capacity basis, across multiple phases

The way forward – Digitalizing the value chain

LANXESS
Energizing Chemistry

Strategy

What are we focusing on?

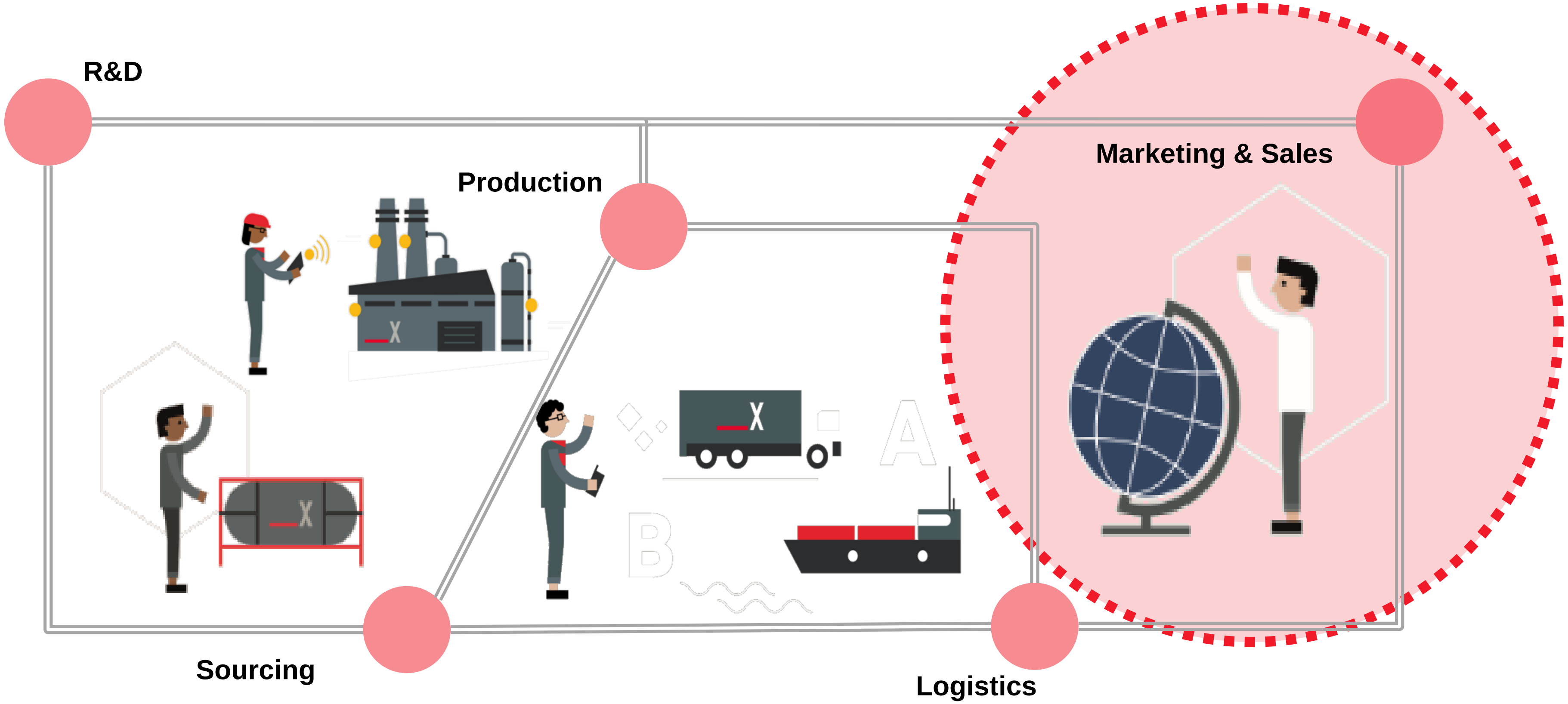
Digitalizing the value chain
LANXESS to be digital leader in the chemical industry

LANXESS Energizing Chemistry

From itemized elements …

- R&D
- Sourcing
- Production
- Logistics
- Marketing/ Sales
- General/ Administration

… towards a fully integrated digitalized value chain:



Digitalizing the value chain: CheMondis
Paving the way to the future of trading chemicals

LANXESS
Energizing Chemistry

CheMondis

Project start in 2017:
LANXESS' chemical industry knowledge combined with external digital experts

Largest and fastest growing B2B marketplace for industrial chemicals in the western world

Pioneering into digital trading platform for chemicals to get ready for digital future

Exceptional team of skilled and dedicated experts combining chemical, digital and technical know-how

First minimal viable product (MVP) created in 2018, preparation of fully separated industry platform

Unique setup, backed by industry know-how and capital

* CheMondis is a stand-alone company, neither run, governed nor represented by LANXESS.

The way forward –
Providing direction from four perspectives

- Strategy
- Operations
- Financials
- Sustainability

Portfolio additions most likely in Specialty Additives and along with transformation of Performance Chemicals

LANXESS
Energizing Chemistry

	Organic growth / Capex	Likelihood for M&A	Characteristics for M&A
Advanced Intermediates			
Specialty Additives			**Synergies** in related businesses
Consumer Protection			Attractive **secular growth** **High entry barriers** due to increasing regulation
Engineering Materials			

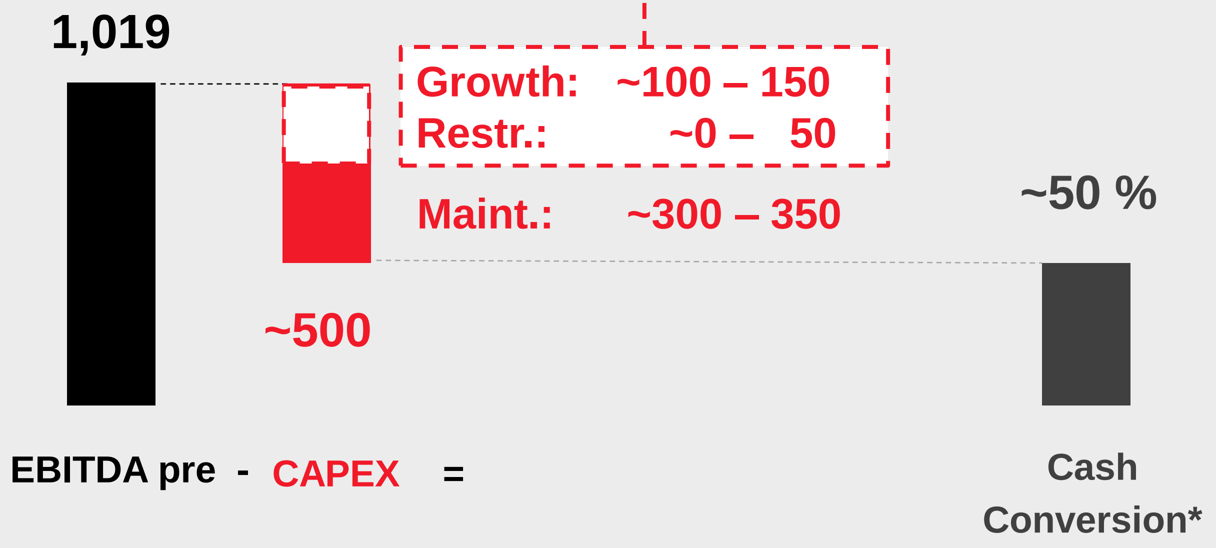
The way forward – Providing direction from four perspectives

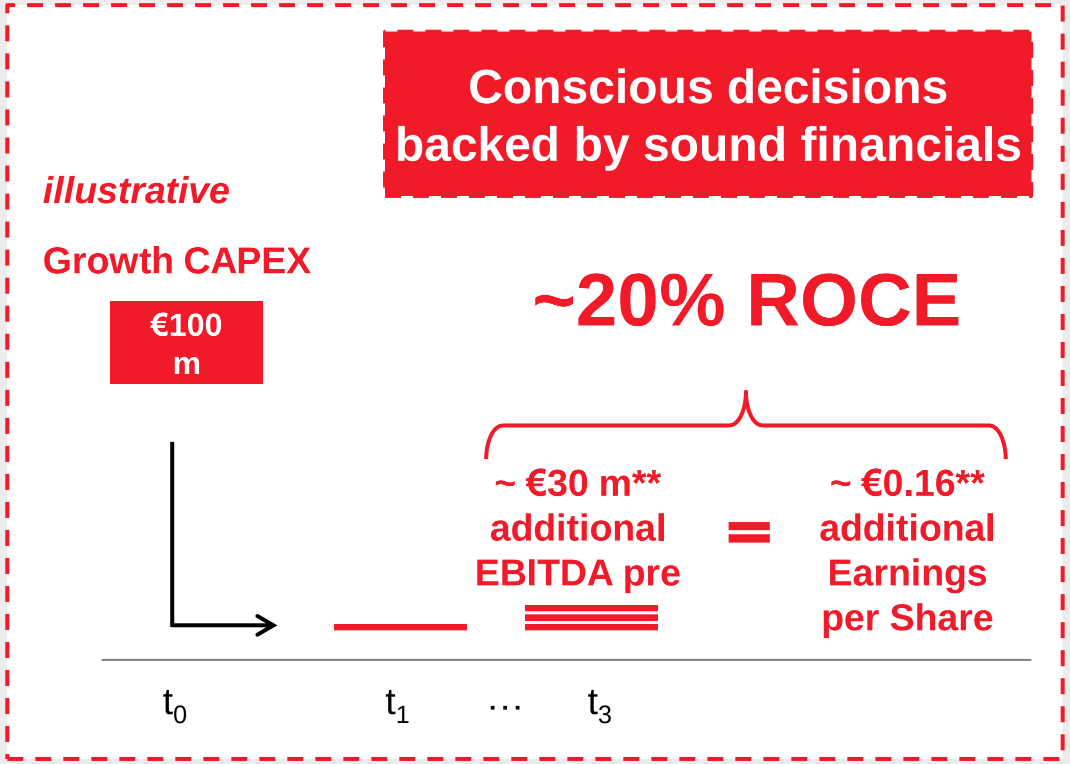
- Strategy
- Operations
- **Financials**
- Sustainability

Cash Conversion target also on track – but at what price does it come?

We could deliver on our Cash Conversion target already today, but give priority to profitable growth

2019 in € m



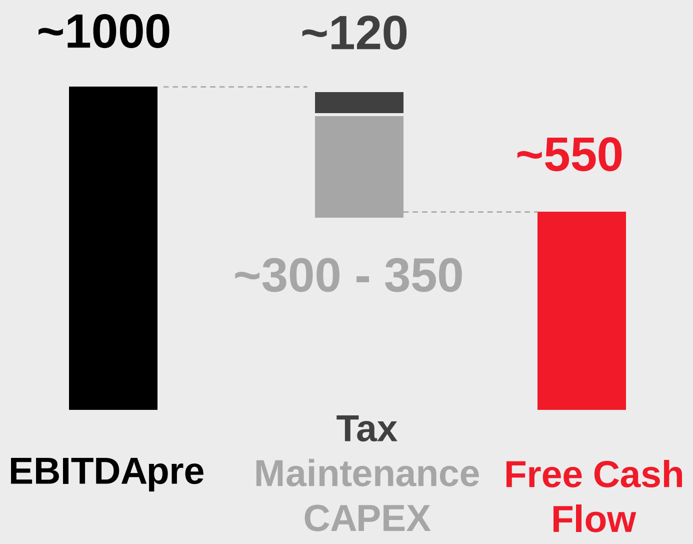


* Cash Conversion = EBITDA pre – CAPEX / EBITDA pre; ** ROCE: ~ 20%, considering ~€10 m D&A & ~30% tax

Capital allocation follows shareholder interests

Shareholder return is the driver for capital allocation

illustrative
(€ m)



- Organic growth
- Restructuring
- Mergers & Acquisitions
- Share buyback
- Dividend
- Deleveraging
- Interest expenses

LANXESS strengthens its All aromatic „Verbund“ with additional synthetic menthol capacity

LANXESS
Energizing Chemistry

Clear long-term investment approach based on synergetic customer relationship

~€40 m

Investment

Early 2021

Planned operation start

Investment rationale:

- Significant increase in demand for synthetic menthol
- Strong customer relation based on long-term contracts
- Downstream development of the aromatic „Verbund“

Venture investment into Lithium with low risk and potentially high return

LANXESS
Energizing Chemistry

Opportunity in cooperation with Standard Lithium

~€100 – 400 m

Investments

2021

Planned start of construction

Investment rationale:

- Potential lucrative yield of battery grade lithium from LANXESS‘ „waste material“ tail brine
- Strong growth of Lithium use based on rising demand for batteries

The way forward –
Providing direction from four perspectives

LANXESS
Energizing Chemistry

Strategy

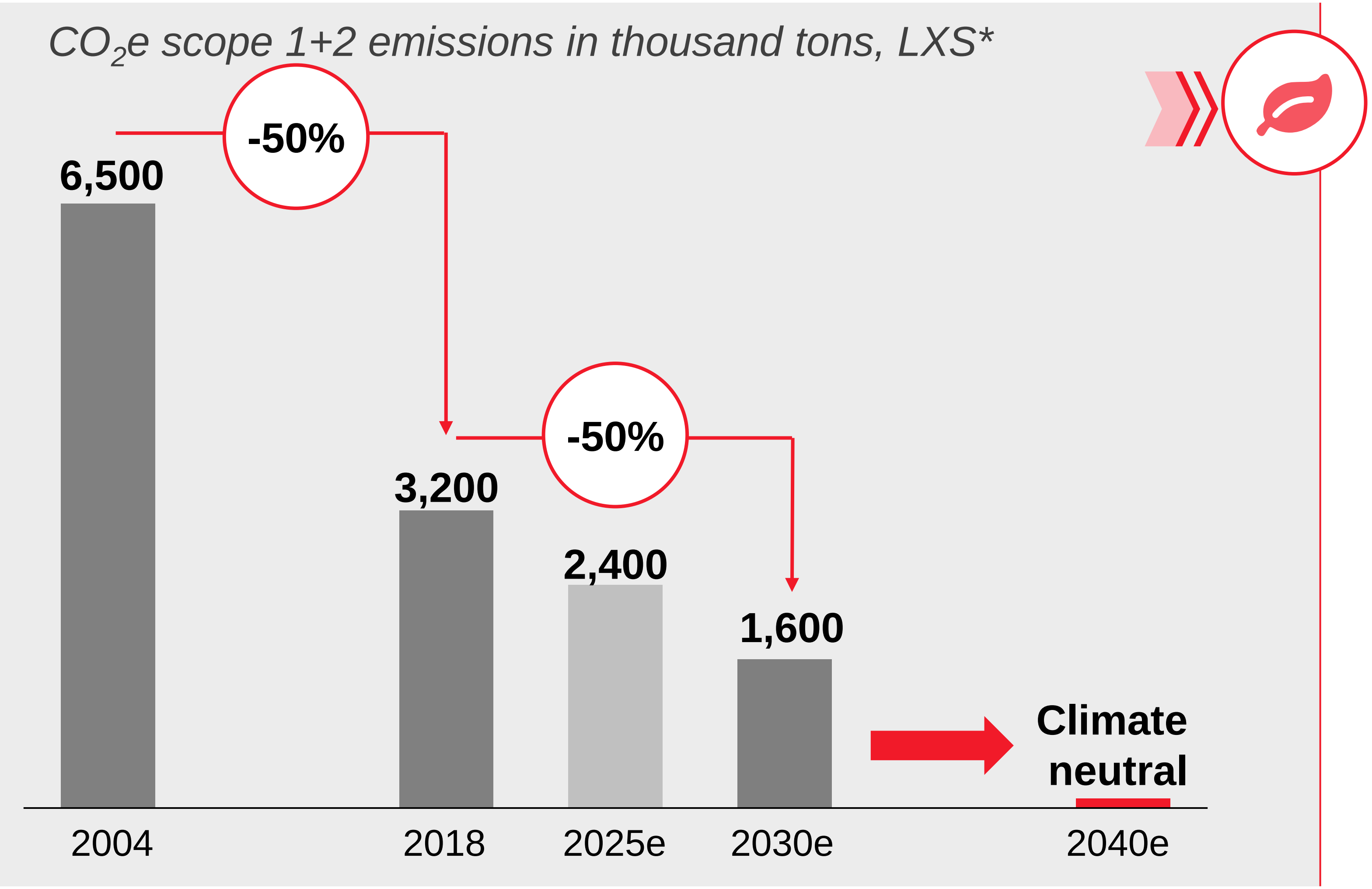
Operations

Financials

Sustainability

LANXESS goes climate neutral by 2040 – New long-term commitment

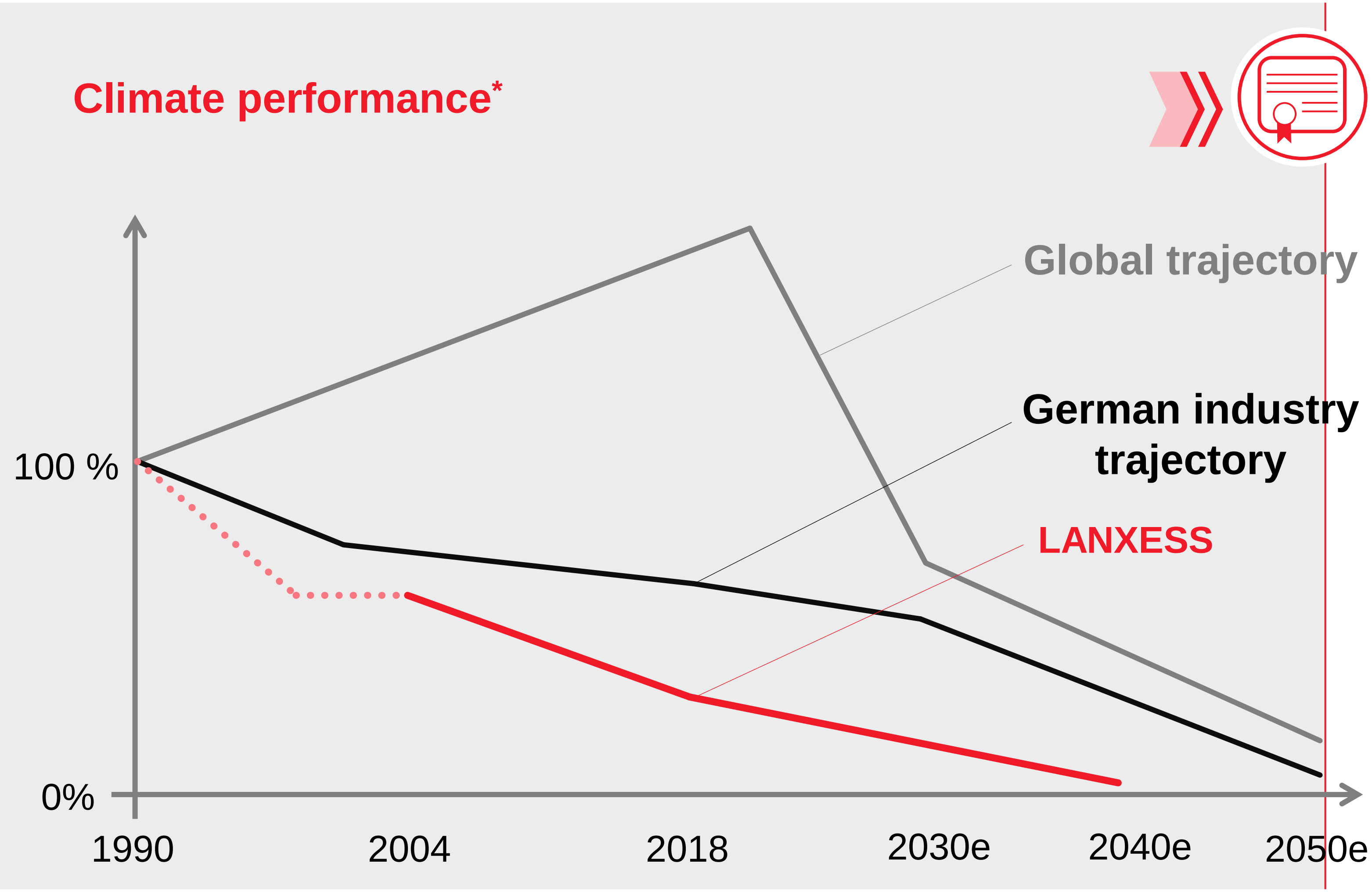
LANXESS Energizing Chemistry



- Clearly defined measures to reduce today's emissions
- Compensate growth effects with efficiency
- Majority of projects with reasonable investment costs
- Sustainable management is seen as a competitive advantage
- In 2019, we further reduced absolute Scope 1+ 2 emissions to ~3,060 kt – around 5% of total volume.
- **Good for LANXESS, good for our customers, good for our planet!**

*in case of significant M&A timeline to be adjusted; climate neutral:<300kt CO_2e p.a.

LANXESS ahead of regulation and far sighted in management of ETS certificates



- LANXESS actively reduced CO_2e emissions in line with Emission Trading Scheme (ETS) reduction targets
- Cost effect from ETS is currently neutral
- We will continue to reduce CO_2e emissions and remain ahead of ETS reduction targets

*Increase of existing specific 2025 Scope 2 and energy efficiency target from -25% to -40%, compared to 2015; existing business parameters, in case of significant M&A timeline to be adjusted; performance calculated versus 2004 level (foundation of LANXESS); performance compared to 1990 level even higher (-65%), but not fully in our responsibility due to pre-spin-off set-up, trajectories based on BDI: „Klimapfade für Deutschland, Existing business parameters, in case of significant M&A timeline to be adjusted

Upcoming (virtual) events 2020 - Proactive capital market communication

LANXESS Energizing Chemistry

Aug

13 Q2 2020 Results

27 Annual Stockholders' Meeting

Sep

15-16 Credit Suisse Basic Materials Conference, New York (virtual)

21-22 Goldman Sachs/Berenberg German Corporate Conference, Munich (virtual)

23 Erste Securities ESG Conference, Warsaw (virtual)

24 Baader Investment Conference, Munich

Oct

1 J.P. Morgan Milan Investor Forum, Milan (virtual)

Nov

5 Q3 2020 Results

10-11 Morgan Stanley Global Chemicals Conference Boston (virtual)

12 Analyst Roundtable

16 Deutsches Eigenkapitalforum, Frankfurt

30 Berenberg European Conference, Pennyhill

Dec

Contact details Investor Relations

LANXESS
Energizing Chemistry

Oliver Stratmann
Head of Treasury & Investor Relations

Tel.: +49-221 8885 9611
Fax.: +49-221 8885 5400
Mobile: +49-175 30 49611
Email: Oliver.Stratmann@lanxess.com

André Simon
Head of Investor Relations

Tel.: +49-221 8885 3494
Mobile: +49-175 30 23494
Email: Andre.Simon@lanxess.com

Laura Stankowski
Investor Relations Assistant
Tel.: +49-221 8885 3262
Fax.: +49-221 8885 4944
Email: Laura.Stankowski@lanxess.com

Katharina Forster
Institutional Investors / Analysts / AGM

Tel.: +49-221 8885 1035
Mobile: +49-151 7461 2789
Email: Katharina.Forster@lanxess.com

Eva Frerker
Institutional Investors / Analysts

Tel.: +49-221 8885 5249
Mobile: +49 151 7461 2969
Email: Eva.Frerker@lanxess.com

Jens Ussler
Institutional Investors / Analysts

Tel.: +49-221 8885 7344
Mobile: +49 151 7461 2913
Email: Jens.Ussler@lanxess.com

Mirjam Reetz
Private Investors

Tel.: +49-221 8885 1272
Mobile: +49 151 74613158
Email: Mirjam.Reetz@lanxess.com

Visit the IR website

Abbreviations

Advanced Intermediates

AII	Advanced Industrial Intermediates
IPG	Inorganic Pigments

Consumer Protection

LPT	Liquid Purification Technologies
MPP	Material Protection Products
SGO	Saltigo

Specialty Additives

LAB	Lubricant Additives Business
PLA	Polymer Additives
RCH	Rhein Chemie

Engineering Materials

HPM	High Performance Materials
URE	Urethane Systems

LANXESS

Energizing Chemistry